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WEEKLY SUMMARY

State Dept. review completed.

CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

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UN GENERAL ASSEMBLY REMAINS DEADLOCKED

It appears likely that the UN General Assembly will be forced to recess again, possibly for several months, because of the impasse on the Article 19 financing issue. The Soviets continue to insist they be permitted to vote before disclosing what they will contribute to the UN to cover their arrears. While a last-minute compromise is still possible, the USSR has shown little flexibility in its basic position.

Despite the impatience among UN members generally--especially the Afro-Asians--for the assembly to commence normal proceedings, no country has yet been willing to provoke a US-Soviet confrontation by calling for a vote on any issue. Hence sentiment has increasingly favored, as the lesser of two evils, another adjournment to allow more time to work for solutions of the UN's financing and peacekeeping problems. U Thant is expected to call for a round of comprehensive consultations at a brief assembly session early next week.

There is considerable skepticism, however, whether a postponement will help much to bring the major antagonists closer together. The Italian UN ambassador has also expressed concern about the harmful effects on the UN if the assembly is not in session during the upcoming Afro-Asian conference in Algiers, which will probably press for undesirable solutions to problems which would better be handled by the UN.

In any case, the General Assembly's inability to conduct business after two months of ad hoc arrangements and adjournments has lowered the organization's prestige, and should it be necessary to call off the session altogether, the damage will be even more severe.

There are already growing misgivings about the continued efficacy of the key "Uniting for Peace" resolution which gives the General Assembly authority to initiate peacekeeping operations if the Security Council is unable to act. An Argentine diplomat, for example, believes that Latin American countries now are prepared to withdraw their support for this 15-year-old arrangement. Indian officials have also said they visualize a prolonged period during which peacekeeping operations will have to be financed on a voluntary basis.

Under the circumstances the UN is hardly in a position to discharge any new peacekeeping responsibilities. Should this period of incapacitation be prolonged, the UN might be in serious danger of degenerating into a debating society--despite its past contributions to keeping the peace.

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THE KOSYGIN MISSION TO NORTH VIETNAM

Moscow's decision to send an unusually strong delegation headed by Premier Kosygin to North Vietnam is a major move to regain some influence over the formulation of Communist policy in Indochina. One of the main purposes of this mission is probably to strengthen the credibility of repeated public statements since late November that the USSR "cannot remain indifferent to the fate of a fraternal socialist country" and is ready to give Hanoi the "necessary assistance."

The presence of high-ranking military and economic officials on the delegation almost certainly foreshadows substantial Soviet economic and military assistance.

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The pattern of Soviet and North Vietnamese pronouncements since Premier Phan Van Dong's visit to Moscow last November suggests that both parties wish to improve relations. The Soviets have a strong interest in restoring Hanoi's earlier neutrality in the Sino-Soviet conflict. It has been evident since Dong's return that the North Vietnamese were softening at least the public manifestations of their opposition to Soviet policy. A few days after his return, a hard-hitting anti-Soviet piece was hastily removed from the party journal Hoc Tap. Subsequent developments, including the significantly harder Soviet propaganda line on the Indochina situation, suggest that the North Vietnamese premier received assurances of increased military, economic, and political assistance from the new leaders in Moscow. Almost simultaneously with Moscow's announcement of the Kosygin delegation, the leading North Vietnamese party paper welcomed the visit in unusually warm terms.

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The presence of party secretary Andropov--specialist on intrabloc affairs--on the delegation raises the question of some new initiative in relation to the Sino-Soviet dispute, particularly with regard to the proposed meeting of the Communist "editorial commission" in Moscow on 1 March. The North Vietnamese have maintained silence on this meeting,

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but the Soviets may still hope Hanoi will participate.

[redacted]

In addition to seeking a more favorable North Vietnamese posture in the Sino-Soviet contest, the Soviet leaders probably hope that more economic and military assistance will not only give them a greater voice in shaping Communist military and political tactics in Indochina but strengthen the deterrent against more far-reaching US military actions to check the erosion in South Vietnam. Kosygin probably will emphasize the need of avoiding actions which might provoke US reprisals; he will probably also explore with Hanoi new political initiatives designed to inhibit US freedom of action, such as greater pressure toward reconvening the 14-nation conference on Laos.

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[redacted]

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PRAVDA WELCOMES PRESIDENT'S REMARKS ON US-SOVIET RELATIONS

The USSR's first public comment on President Johnson's remarks on US-Soviet relations in his State of the Union message appears timed to soften the impact on US policymakers of Kosygin's mission to North Vietnam. The Soviets reportedly indicated [redacted] that the "Observer" article in Pravda on 31 January represented a party statement on the President's speech and that there was a relationship between it and the simultaneous announcement of Kosygin's trip.

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Soviet leaders probably calculated that an immediate and positive public reaction to the President's overtures regarding high-level contacts and exchange of TV programs would undercut their intensified efforts at building a credible propaganda record to counter Chinese allegations of "appeasement" with the imperialists. However, in conversation with Ambassador Kohler on 15 January, Foreign Minister Gromyko appeared concerned that Moscow's initial reaction would be interpreted as a sharp shift in attitude, and indicated that the US could expect a more forthcoming Soviet response.

The Pravda article asserted that the President's remarks, including the extension of Soviet-American contacts, had met with a "positive response" in the Soviet Union. Pravda noted that such contacts would permit exchanges of opinion on "key problems," but singled out only the familiar question of bilateral trade relations. For the time being, Moscow seems intent on assuring the US that it is keeping the lines of contact open, but is waiting for the US to spell out specific East-West issues for priority discussion.

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Table 1 COMPARISON OF SOVIET DATA AND CIA ESTIMATES OF SOVIET ECONOMIC PERFORMANCE 1963-1964

Item	Percentage Change from Previous Year			
	1963		1964	
	USSR	CIA	USSR	CIA
1. NATIONAL INCOME				
Official Concept -- Marxist (a)	4.5		7+	
GROSS NATIONAL PRODUCT				
Western Concept -- CIA		1.7		6
2. INDUSTRIAL PRODUCTION				
Gross Value of Output (b)	8.5		7.1	
Net Value Added		5.8		5
3. AGRICULTURAL PRODUCTION				
Gross (c)	-8		12	
Net		-5.1		8

(a) The official measure excludes the value of services and overstates the contribution of industry by including all indirect taxes.
(b) Including double counting of raw materials and intermediate products.
(c) Including double counting of livestock products and animal feed.

Table 2 SELECTED SOVIET OFFICIAL DATA ON ECONOMIC PERFORMANCE PERCENT OF INCREASE (OR DECREASE) COMPARED WITH PRECEDING YEAR

Chemical Industry	16	15	
Metallurgical Industry	9	8	
Fuels Industry	8	7	
Light Industry	2	3	
Food Industry	5	2	
Machine Building and Metalworking	13	9	
Building Materials Industry	8	8	
Timber, Woodworking, and Paper Industry	7	6	
			Planned Rate of Increase for 1964 (a)
Electricity	12	11	9.7
Oil	11	9	7.7
Gas	22	20	18.3
Steel	5	6	4.7
Pig Iron	6	6	4.8
Steel Pipe	10	2	(b)
Fertilizer	15	28	28
Pesticides	24	35	40
Synthetic Fibers	11	17	17
Chemical Equipment	9	19	24.5
Agricultural Machinery	17	1	(b)
Turbines	-0.2	11	(b)
Cement	6	6	4
Television Sets	14	18	(b)
Refrigerators	9	25	(b)
Washing Machines	27	25	(b)
Cotton Fabrics	3	6	4.2
Leather Footwear	1	3	2
Meat	7	-20	(b)

(a) In most instances the planned rate is the implied annual rate necessary to achieve the goals of the 1964-65 plan.
(b) Not available.

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1964 SOVIET ECONOMIC REPORT REVEALS CONTINUING PROBLEMS

The annual Soviet survey of economic results shows that the USSR in 1964 fell still further behind the high growth rates of the late 1950s. Although the increase in the output of some commodities was again impressive, the stated increase in total industrial production was the lowest since World War II. Investment growth, by Soviet calculation, was above the poor achievements of the past several years but again did not approach that of the late 1950s. The claimed increase of more than seven percent in national income reflects recovery from the agricultural crisis of 1963 rather than real progress, and the consumer had another mediocre year. The agricultural recovery was also largely responsible for the six-percent growth in Soviet gross national product tentatively estimated by CIA, an increase that compares favorably with the last year's five-percent increase in the US.

Over-all industrial output was held back by the slow growth of the machine-building and food industries. Growth in the other major industrial branches was not far below last year's rates. The low rate--by Soviet standards--achieved in the machine-building sector may reflect the present effort to improve quality. The priority chemical industry continued to outperform other industries, but basic metals, electricity, and fuels also grew substantially as their traditional emphasis was maintained. Preliminary CIA analysis indicates that Soviet industrial output increased by five percent, or almost one percent less than in 1963, and by the lowest rate of growth since World War II.

The agricultural section of the report is notable for the omission of both production and procurement data for almost all commodities. Although the grain harvest is tentatively estimated by CIA at about the 1958 level of 125 million tons, state purchases of grain are at a record level. This situation, plus recent purchases abroad to meet commitments to Cuba and Eastern Europe, suggests that a larger than usual percentage of domestic production is being used to replenish state reserves as rapidly as possible.

The livestock component of Soviet agriculture fared poorly in 1964, underfulfilling targets for meat, milk, eggs, and wool by unspecified amounts. Livestock totals still reflect the severe cutback caused by the grain disaster of 1963. The number of cattle last year was the same as in 1962, but sheep and goats were 12 percent less, and hogs, although still down 33 percent from the 1962 totals, were up about 29 percent over 1963. This situation, in conjunction with the still unclarified grain picture, results in a preliminary CIA estimate that net agricultural production rose about 8 percent from the admittedly low base of 1963.

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The sparse investment data in the annual survey indicate that the volume of state planned investment, while slightly more than Kosygin said it was two months ago, was nevertheless below the rate planned for 1964. The lag of about one billion rubles between the amount of capital invested and the amount of gross capital formation further increased the already large volume of unfinished construction. In the oil and gas, coal, chemical, and light and food industries, as well as in agriculture, the rate of increase in completed construction was well in excess of the average six percent for the entire economy.

As usual, the consumer was the residual claimant of economic output. The total volume of completed housing was at the lowest level during the seven-year plan (1959-65), falling 11 percent below the 1959 level. Despite impressive percentage increases of some consumer goods, supplies of livestock products, refrigerators, washing machines, and certain types of clothing and shoes remained inadequate to meet demand. In addition, available supplies of a number of items were of such low quality that even the long-suffering Soviet consumer refused to buy them. 25X1 25X1

CZECHOSLOVAKIA'S ECONOMIC REFORM PROGRAM APPROVED

Opponents of major economic reforms have won some concessions on the issue of party-government controls over the Czechoslovak economy. The reform program approved by the party central committee on 29 January puts more stress on preserving central controls over basic economic goals and policies than did the draft circulated by the party presidium last October.

The essential ingredients of the earlier draft appear, however, to remain intact. Henceforth, planning will be based more on objective economic criteria, managers are to have more authority, and greater use will be made of financial incentives. One or more phases of the economic reforms will be extended this year on an experimental basis to industries responsible for almost one fifth of Czechoslovakia's industrial production.

Nevertheless, opposition continues, and not just on political and ideological grounds. Workers are worried that their earnings will fall. Nearly 34,000 people were fired from administrative and management posts in 1964 as part of the preparation for reforms. More firings or transfers will come this year. The eventual shape of the program will depend primarily on how well the experiments work out, and secondarily on how effectively the regime can deal with remaining opposition when the plan goes into effect in 1966. 25X1

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POLISH PARTY LEADERSHIP CHANGES

After Third Congress (March 1959)	Present Status (February 1965)
POLITBURO	
Cyrankiewicz	Cyrankiewicz
Gomulka	Gomulka
Gierek (Co-opted at Third Congress)	Gierek
Jedrychowski	Jedrychowski
Morawski ("Resigned" Nov. 1959)	
Kliszko (Co-opted at Third Congress)	Kliszko
Loga-Sowinski	Loga-Sowinski
Ochab	Ochab
Rapacki	Rapacki
Spychalski (Co-opted at Third Congress)	Spychalski
Zambrowski (Removed July 1963)	
Zawadzki (Died Aug. 1964)	
	Szyr (Co-opted June 1964)
	Waniolka (Co-opted June 1964)
	Strzelecki (Promoted from Candidate Politburo Nov. 1964)
CANDIDATE POLITBURO Created at Fourth Congress - June 1964	
	Jagielski
	Jaroszewicz
	Jaszczuk (Co-opted Nov. 1964)
SECRETARIAT	
Gomulka	Gomulka
Gierek (Removed June 1964)	
Jarosinski	Jarosinski
Albrecht (Removed Jan. 1961)	
Matwin (Removed Nov. 1963)	
Morawski (Removed Jan. 1960)	
Kliszko	Kliszko
Zambrowski (Removed July 1963)	
	Jaszczuk (Co-opted July 1963)
	Starewicz (Co-opted July 1963)
	Strzelecki (Co-opted Jan. 1960)
	Tejchma (Co-opted June 1964)
	Wicha (Co-opted Nov. 1964)

Pro-Gomulka moderates "Revisionists" Hard-liner Factionally uncommitted

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POLAND'S GOMULKA STRENGTHENS HIS POLITICAL BASE

Party first secretary Gomulka is continuing to make high-level personnel changes in the Polish party and government as a means of promoting stability and maintaining his hold over the regime. By playing off one faction against another, isolating troublesome individualists, ousting extremists of both the left and the right, and relying on administrators who are committed to no faction, he has so far kept his party critics from uniting into a meaningful opposition.

At the same time he has altered the composition of the party's top policy and administrative organs. The politburo now mirrors the relative strength of party factions, although it remains under the majority control of Gomulka's old associates. In contrast, Gomulka has transformed the party secretariat into a team of hand-picked trusted administrators who take little part in the factional infighting. He has thus quieted critics who demanded a voice in policy formulation, while tightening his own grip on policy implementation and the party machinery in general.

Unwilling to tolerate regionalism within the party apparatus, Gomulka has ousted several provincial first secretaries, first from the secretariat--where none now remain in contrast to three in 1959--and later from their provincial posts. Politburo member Edward Gierek, the last provincial party secretary to be ousted from the secretariat--last June --still retains his powerful post in Katowice. There are indications, however, that Gomulka is seeking to maneuver him out of his Silesian power base, possibly into the central government.

The recent appointment of Czeslaw Domagala--a past foe of Gomulka--to be party first secretary in Krakow may represent a challenge to Gomulka's attempts to place his own men in key posts. It is possible, however, that this action may be balanced by other Krakow party appointments.

Gomulka's success has been at the cost of added political power for the party's hard-line "partisan" faction in the politburo and the regional apparatus, and also to the detriment of imagination in policy formulation. Gomulka retains the reluctant support of the moderate mass of party members who see no alternative to him, but even many of these people are reportedly beginning to look for more dynamic approaches to the country's increasingly complex domestic problems.

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CHINESE COMMUNISTS STRENGTHEN TIES WITH INDONESIA

The handling of Indonesian Foreign Minister Subandrio's recent visit to Peiping reflects China's increasing effort to encourage Djakarta's current drive against the West without making any major commitment in support of Indonesian objectives.

The most tangible result of wide-ranging talks held in Peiping from 23 to 28 January appears to be an announcement of agreement on economic and technical cooperation which includes a Chinese credit totaling $50 million. Details will be discussed later this month when a group of Chinese economic specialists arrives in Djakarta. According to Subandrio, final discussions will take place when Chou En-lai and Chen Yi visit Indonesia in April.

According to the joint communiqué at the end of Subandrio's visit, the two governments also decided to expand Sino-Indonesian trade, to increase maritime transportation links, and to "strengthen their friendly contacts in the military field." They will exchange economic, military, and other delegations. On the question of Malaysia, Indonesia "reaffirmed its persistence" in the confrontation, but the Chinese did not go beyond repeating their vague promise that Peiping would "not sit idly by" if Indonesia were attacked by the "imperialists." It seems likely that Subandrio tried to get a more specific declaration of Chinese support.

Peiping's violent attacks on the US, the UK, and Malaysia during Subandrio's visit, and vociferous Chinese approval of Djakarta's decision to leave the UN were probably designed to compensate for the lack of a firmer commitment for military assistance. Chinese propaganda on these subjects, already a major campaign, reached a new peak.

China's present tactics appear designed to capitalize at minimum cost and risk on the temporary coincidence of interest between Peiping and Djakarta. Peiping is attempting to take advantage of Sukarno's assessment that the power of the West is declining in Southeast Asia to enlarge the Chinese presence in Indonesia. More Chinese officials are already reported arriving in Djakarta, probably in connection with implementation of the aid agreement. They could provide Peiping with additional levers to influence the course of Indonesian policy.

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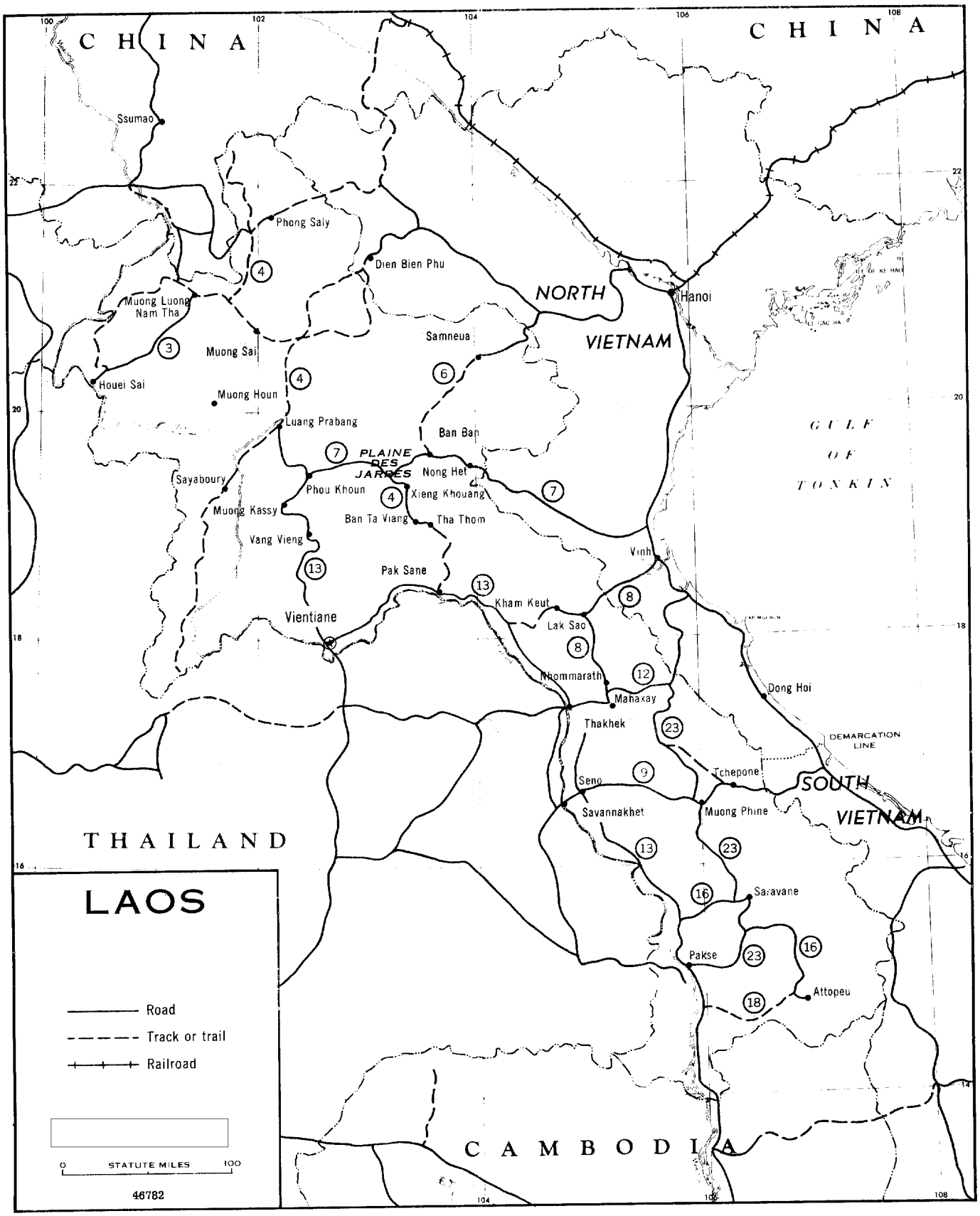

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LAOS: TAKE-OVER ATTEMPT THWARTED

Vientiane now is firmly back in the hands of the regional military authorities following this week's showdown fighting between rival rightist military factions.

The crisis was touched off by an attempt on the part of some discontented colonels, probably acting with the encouragement of General Phoumi Nosavan, to take control of the rightist military establishment on 31 January. When this move appeared to be foundering, Phoumi actively stepped in and assumed leadership of the dissidents. Although Phoumi received some support from General Khamkhong in Pak Sane to the east, his forces never made much headway against the well-entrenched positions of General Kouprasith, commander of the Fifth Region, embracing Vientiane.

By the end of 3 February, Kouprasith had driven Phoumi's forces--as well as police units under General Siho--from the capital. Kouprasith's units now are engaged in clearing operations against isolated pockets of resistance in the surrounding areas.

The whereabouts and activities of Phoumi and Siho are unknown. It seems likely, however, that they will try to rally military support from outlying units. Phoumi, before his pull-out from Vientiane on 3 February, told the US ambassador he was going south to Savannakhet and would "march north again." Premier Souvanna, who encouraged Kouprasith in his strong stand, has indicated he might appoint former premier Boun Oum to replace Phoumi as deputy premier in the coalition government.

Meanwhile the Communists are increasing pressure at widely separated locations in northern and central Laos. In the Thakhek area of central Laos, the Communists have resumed operations similar to the forays they conducted early last December. During the past week, enemy forces--reportedly in battalion strength--launched attacks against government regular and guerrilla forces near Route 13 about 20-25 miles southeast of Thakhek.

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Several guerrilla units in the hills surrounding Muong Sai, north of Luang Prabang, were forced from their positions in mid-January as a result of sharply stepped-up enemy pressure. Communist pressure on government pockets southwest of Samneua continues.

Communist reinforcements have also been moved into the

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hills northwest of Ban Ban

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SOUTH VIETNAM: KHANH STILL IN TROUBLE

General Khanh has apparently been feeling his way cautiously in setting up a government to replace the ousted Huong regime. There are signs that he is running into increasing opposition, particularly from his fellow generals.

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Viet Cong terrorist and military activity increased significantly during the week before the beginning of Tet, the Vietnamese lunar new year, on 31 January. Twenty armed attacks and ambushes, three of company size, were reported. In addition, several district capitals and district military headquarters were shelled by Communist mortar fire. Since then the Viet Cong have generally honored their self-proclaimed seven-day cease-fire during the holiday period.

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On the government side several successful large-scale search-and-destroy operations were conducted prior to Tet. The government forces' superiority of arms, mobility, and air power was used to good effect.

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Asia-Africa

PAKISTAN'S LATEST FOREIGN POLICY MOVES

With Pakistan's presidential elections safely past, the Ayub regime is probing in several directions in an effort to broaden its international relationships.

President Ayub's immediate objective seems to be to build up Pakistan's stature as an Afro-Asian leader, especially before the "Bandung II" conference in Algiers this spring. He hopes to gain additional support on the Kashmir dispute there.

To this end Ayub is allowing Foreign Minister Bhutto to issue a series of unusually anti-Western policy statements. At the conclusion of his mid-January stopover in Moscow, Bhutto stressed the "identical views" of Pakistan and the USSR on a wide range of international problems. In a speech to the UN General Assembly a few days later, he attacked a number of Western policies, although privately reaffirming support for the US position on UN finances under Article 19.

The Pakistani press, almost certainly with Foreign Ministry encouragement, has given wide coverage to Chinese Communist and Indonesian attacks on the UN, often adding its own complaint that the UN has proven ineffective in dealing with the Kashmir issue.

Ayub seems also to have encouraged Bhutto to develop new sources of aid. The Pakistanis apparently have been given some reason to believe that a fairly substantial Soviet line of credit for economic projects may soon be forthcoming. Talks continue with the Chinese Communists regarding their offer of a $60-million line of credit, first announced last July.

As for military assistance, Bhutto apparently was behind Pakistani General Musa's December visit to Egypt to see Soviet equipment there, but there is little indication as yet of any encouragement from Moscow on this score.

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President Ayub also plans to see many foreign leaders in the next few months. French Premier Pompidou, the Shah of Iran, and Burma's boss General Ne Win will visit him in early and mid-February. Ayub then plans to visit Communist China in late February, Russia probably in March, and the United States in April. He will also lead delegations to the Afro-Asian conference and to a Commonwealth conference, if one takes place, in June or July.

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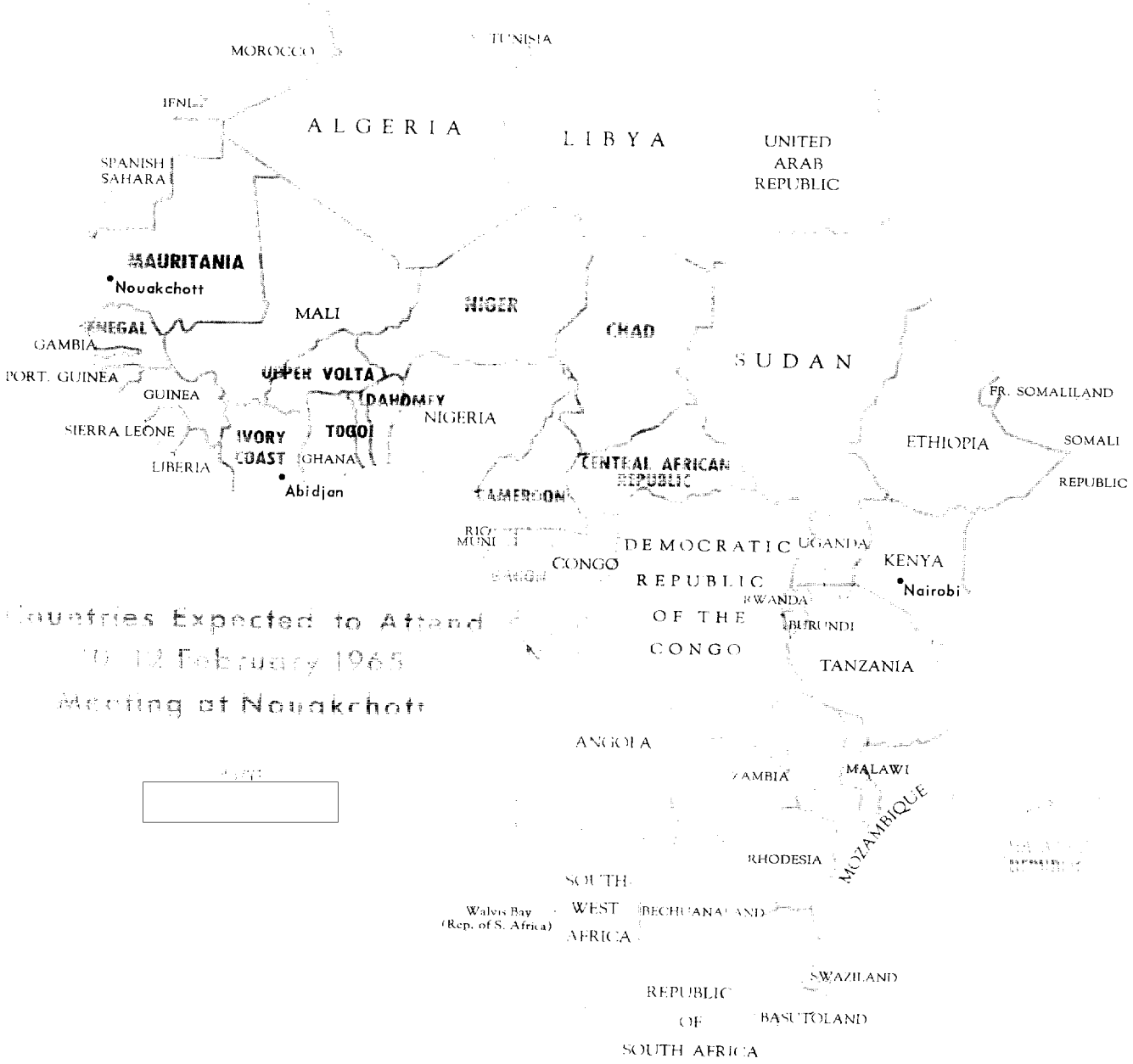

Countries Expected to Attend
12 February 1963
Meeting at Nouakchott

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WEST AFRICAN MODERATES TRY COUNTEROFFENSIVE

Ivory Coast's pro-Western President Houphouet-Boigny is spearheading the most serious drive so far to rally African moderates to stand up to the continent's radical forces. His efforts have long-term objectives, but are immediately pointed toward two major African meetings coming up later this month.

Houphouet's new initiative in pan-African politics stems directly from Peiping's expanding presence in Africa and the African radicals' increasing involvement with the Congolese rebels and domination of African meetings in recent months. A series of discussions initiated in early December, when radical exploitation of the US-Belgian rescue operation in Stanleyville was at its height, has breathed new vitality and solidarity into his four-year-old "Entente" with Upper Volta and Niger. This week the leaders of Gabon and Togo, who also seem anxious to develop a moderate counterthrust, met with him in Abidjan.

Houphouet set forth the main themes of the new Entente policy in a speech on 23 January. He hit hard at the "Chinese menace" and criticized African regimes--some by name --which harbor Communist Chinese and are their "accomplices" in aiding Congolese rebels. Repeatedly he stressed the need for moderation on all African issues, including continental unity and the Congo.

Ultimately, Houphouet aims to create a new political and economic grouping embracing also English-speaking West African states and, hopefully, eventually even such present radical stalwarts as Guinea and Mali. Thus, he has continued to show interest in periodic contacts with leaders of these two states and in forming a free trade area with Guinea, Liberia, and Sierra Leone. Further discussions on this project are scheduled for 15 February.

A major test of Houphouet's policy will occur next week when the leaders of all 12 ex-French African states which still have moderate regimes are due to meet in Nouakchott, Mauritania, in search of a new formula for collaboration. He is expected to try to seize the initiative with a proposal for "dual nationality" for citizens of member states. However, several participants, notably Senegalese President Senghor, Houphouet's long-time regional rival, will certainly not go along with the "confrontation" approach. Concern a year ago about radical attacks on the group's former Afro-Malagasy Union prompted Senghor to take the lead in "depoliticizing" that organization. Houphouet's opposition has kept the essentially economic successor body from getting off the ground.

Houphouet apparently is planning to carry his fight into the Organization of African Unity's foreign ministers' meeting in Nairobi starting on 26 February. This might bring a showdown on the Congo question which could jeopardize the future of the OAU itself. Much, however, probably depends on the Nouakchott meeting.

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Asia-Africa

CUBAN LEADER CULTIVATING RADICAL AFRICAN COUNTRIES

The prolonged African tour of Cuba's Che Guevara which began on 18 December was aimed at winning the sympathy of certain radical countries for Havana's cause as well as encouraging those countries to adopt a stronger anti-Western outlook. There is presently no hard evidence that Guevara offered material assistance to African "liberation" movements.

Guevara had visited Algeria, Mali, Congo (Brazzaville), Guinea, Ghana, and Dahomey before taking off on an unannounced trip to Communist China this week. He has stated, however, he still intends to visit the UAR, the Sudan, and Tanzania.

Guevara's statements have emphasized the similarity between the revolutionary movements in Cuba and Africa, and the necessity for unity among all the "progressive" states throughout the world, especially in the underdeveloped areas. By implication, he is informing the Africans that the Cuban experience is a guidepost for them and that they ought to regard Havana as a major source of inspiration.

Guevara has lost no opportunity to attack the US, and apparently struck some responsive notes. In Mali, his opposite number reiterated the Malian regime's support for the Cuban demand that the US give up its naval base at Guantanamo Bay.

Guevara has also loudly applauded the "liberation" movements in Mozambique, Angola, and Rhodesia. On several occasions he asserted that all "progressive" states must rally behind the rebels in the Leopoldville Congo in their struggle against US "neocolonialism."

Whether Guevara has actually offered tangible assistance to anyone remains to be seen. Since 1961, and perhaps before, Havana has provided propaganda support and some training to radical Africans. Moreover, the Castro regime's failure to achieve concrete results in the establishment of other pro-Castro regimes in Latin American countries may impel Havana to do more in Africa, albeit without switching priorities. 25X1

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At the very least, it can be assumed that Guevara has pressed for an expansion of Havana's diplomatic relations with African states, especially Dahomey, the Sudan, and the Brazzaville Congo. [redacted] 25X1

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Asia-Africa

THE CONGO SITUATION

Both political and military activity in the Congo slacked off last week end following Premier Tshombé's departure for Brussels to negotiate outstanding financial problems.

Discussions between the Belgians and Tshombé over the portfolio of financial assets--promised to the Congo at independence four and a half years ago--and over the Congo's public debt, a legacy from its colonial status, have made little progress. The Belgians want Leopoldville to assume some of the debt, much of which is in bonds held by private Belgian citizens. Tshombé, who has political reasons for wanting to return to the Congo with the portfolio, contends that the assets should be handed over before the debt question is settled. Belgian technical assistance to the Congo has stalled pending a satisfactory settlement.

The Organization of African Unity's Congo committee last week end produced a compromise between radical and moderate members. The committee decided to send representatives to Burundi, Brazzaville, and Leopoldville to prepare for possible visits to those countries of the full committee, as desired by the moderates. At the same time the committee went along with the radicals and invited representatives of the Leopoldville government and the Congolese dissidents to attend its next meeting, on 12 February in Nairobi, when it will also hear from its traveling subcommittee. Before he left for Brussels, Tshombé said he would welcome an OAU delegation.

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Europe

ITALY'S CHRISTIAN DEMOCRATS ACHIEVE SEMBLANCE OF UNITY

A meeting of the Italian Christian Democratic (CD) Party's national council this week apparently has succeeded in easing somewhat the crisis atmosphere that has persisted in Rome since the bitterly contested presidential elections in late December. Agreement was reached to expand the party's policy-making directorate to include representatives of all four CD factions despite their sharp differences in outlook. Since the party's inconclusive congress last September, the directorate has been made up only of members of the Morodorotei faction, which represents slightly less than half the party.

There are as yet no indications on what decisions were reached regarding the party's intentions toward the coalition's reform program or on changes in party representation in the cabinet. The impact of whatever was decided on these questions will be of critical importance for Italy's future political stability.

The CD's difficulties at the national level seem to have paralyzed the activities of a number of key local administrations. In Naples, for example, the center-left parties have reached agreement on all policy matters, and are ready to form a city council.

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Western Hemisphere

THE SITUATION IN BRITISH GUIANA

Since assuming office last December, Premier Forbes Burnham's coalition government has concentrated on trying to check the steady deterioration of British Guiana's economy. Although the political atmosphere has been relatively quiet, there are indications that ex-premier Cheddi Jagan and his People's Progressive Party (PPP) will soon launch an intensive campaign of passive resistance against the government.

In the economic sphere, the government has assigned top priority to the problem of selling some 16,000 tons of surplus rice now glutting Guianese warehouses. This problem is compounded by a lack of markets for an estimated 52,000 tons of rice that will be available for export this year. Government leaders are seeking to expand sales to traditional purchasers such as Jamaica and Trinidad, and Premier Burnham has solicited help from Venezuela, the UK, and the US.

Much of the uncertainty in the rice exports picture turns on the question of whether British Guiana will continue selling rice to Cuba. Havana obtained some 18,000 tons from the Jagan regime last year, but none has been shipped since. The Castro regime has indicated that "in principle" it remains ready to purchase more Guianese rice, although it may make this contingent on the conclusion of a formal trade agreement between the two countries--a proposal not likely to find favor with Burnham.

Politically, the coalition between Burnham's moderately socialist People's National Congress party and Peter D'Aguiar's conservative United Force has held up reasonably well so far. This presumably is traceable to what has been at least a temporary patching up of personal differences between Burnham and D'Aguiar, a development that has surprised most observers. Also, the incidence of racial violence has fallen off to almost nothing in recent weeks.

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Western Hemisphere

BRAZILIAN GOVERNMENT PLANS SWEEPING POLITICAL REFORMS

The Brazilian Government plans to press for reforms which, if implemented, would drastically alter the country's political party structure and strengthen its electoral system. The proposed changes are spelled out in a recently published "political party statute" and draft electoral law which the Castello Branco administration will soon submit to Congress.

Among the basic changes called for is a requirement that any party which does not elect at least five federal deputies or fails to poll a vote equal to at least five percent of the registered electorate in a general election would automatically lose official recognition. This reflects the opinion held by President Castello Branco and others that the large number of parties represented in Congress--presently 13--should be reduced to three or four.

Of all the parties which now have legal status, only three are organized on a nationwide basis--the Social Democrats, the Labor Party, and the National Democratic Union. These three, which at present hold more than 300 of the 409 seats in the Chamber of Deputies and 54 of 66 Senate seats, would presumably meet the requirements of the proposed reforms. For most of the others, however, the only alternative to dissolution would seem to be to coalesce into any of several possible combinations, few of which promise to be very stable.

The electoral reform bill proposes also to divide states into small electoral districts which would elect half of the deputies to both the national and state legislatures. The other 50 percent would continue to be elected statewide. The administration hopes that this arrangement will increase legislators' responsiveness to their constituencies.

In another radical departure, the new bill would restrict campaigning to the three months preceding an election. Campaigns have often become heated and disruptive well over a year before elections.

These controversial proposals have aroused considerable debate and criticism, with the smaller parties leading the attack. The prospects are good, however, that the administration will get most of what it wants from the Congress during the session which opens in March.

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Western Hemisphere

CONTINUED POLITICAL UNREST IN HONDURAS

Ex-President Villeda Morales, who last month returned to Honduras from exile, has resumed leadership of the country's majority Liberal Party. Last week he signed a pact with the Popular Progressive Party, headed by Gonzalo Carias, son of ex-dictator General Carias. The purpose of the alliance, in which labor and student organizations are participating, is to pressure the minority Nationalist Party not to select Chief of Government Lopez for the presidency if it wins the constituent assembly elections on 16 February.

The student representatives in the alliance are virtually all members of the Communist-led University Reform Front, and at least two are members of the Communist Youth of Honduras. While their participation is in keeping with the united front tactics pursued by the Honduran Communist Party, there is no evidence as yet that they are the dominant element in the new organization.

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All parties realize that the elections will be rigged in favor of the Nationalists. Because of this, the Liberals and others may come to feel they have no choice but to resort to armed opposition.

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